

SYSTEM: MC CLATCHY
RETURN ON INVESTMENT
OPTIMISTIC SCENARIO

DATE: 20-Mar-86

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| HOMES PASSED | 215,330 | 223,711 | 232,386 | 241,365 | 250,661 | 260,286 | 260,286 |
| BEG. BASIC SUBS | 86,712 | 107,295 | 125,287 | 136,822 | 146,809 | 154,391 | 160,339 |
| END BASIC SUBS | 107,295 | 125,287 | 136,822 | 146,809 | 154,391 | 160,339 | 160,443 |
| AVE. BASIC SUBS | 97,004 | 116,291 | 131,055 | 141,816 | 150,600 | 157,365 | 160,391 |
| BASIC PENETRATION | 49.83% | 56.00% | 58.88% | 60.82% | 61.59% | 61.60% | 61.64% |
| BEG. PAY SUBS | 74,808 | 97,220 | 119,262 | 133,471 | 145,299 | 154,383 | 160,593 |
| END PAY SUBS | 97,220 | 119,262 | 133,471 | 145,299 | 154,383 | 160,593 | 160,506 |
| AVE. PAY SUBS | 86,014 | 108,241 | 126,367 | 139,385 | 149,841 | 157,488 | 160,550 |
| PAY PENETRATION | 90.61% | 95.19% | 97.55% | 98.97% | 99.99% | 100.16% | 100.04% |
| CAPITAL ADDS | 12,614,117 | 5,245,130 | 4,287,180 | 4,117,580 | 4,197,820 | 3,636,810 | 2,789,430 |
| REVENUE/SUB/MONTH | \$22.22 | \$25.39 | \$27.37 | \$28.27 | \$29.18 | \$29.97 | \$30.84 |
| TOTAL REVENUE | \$25,859,509 | \$35,434,293 | \$43,045,612 | \$48,109,014 | \$52,737,479 | \$56,601,122 | \$59,360,841 |
| OPERATING INCOME | \$6,249,136 | \$12,473,872 | \$17,491,692 | \$21,334,992 | \$24,202,895 | \$26,667,810 | \$28,459,403 |
| OPERATING MARGIN | 24.17% | 35.20% | 40.64% | 44.35% | 45.89% | 47.12% | 47.94% |
| CASH FLOW | (6,364,981) | 7,228,742 | 13,204,512 | 17,217,412 | 20,005,075 | 23,031,000 | 25,669,973 |
| P. V. FACTOR PERCENT: 14.00% | 0.877 | 0.769 | 0.675 | 0.592 | 0.519 | 0.456 | 0.400 |
| P.V. CASH | (5,582,088) | 5,558,903 | 8,913,046 | 10,192,708 | 10,382,634 | 10,502,136 | 10,267,989 |
| CUMULATIVE P.V. CASH FLOW | (5,582,088) | (23,186) | 8,889,860 | 19,082,568 | 29,465,202 | 39,967,338 | 50,235,327 |

SYSTEM: MC CLATCHY
RETURN ON INVESTMENT
SANDBAG SCENARIO

DATE: 20-Mar-86

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| HOMES PASSED | 215,330 | 223,711 | 232,386 | 241,365 | 250,661 | 260,286 | 260,286 |
| BEG. BASIC SUBS | 86,712 | 100,315 | 118,028 | 129,273 | 138,958 | 147,790 | 156,636 |
| END BASIC SUBS | 100,315 | 118,028 | 129,273 | 138,958 | 147,790 | 156,636 | 159,900 |
| AVE. BASIC SUBS | 93,514 | 109,172 | 123,651 | 134,116 | 143,374 | 152,213 | 158,268 |
| BASIC PENETRATION | 46.59% | 52.76% | 55.63% | 57.57% | 58.96% | 60.18% | 61.43% |
| BEG. PAY SUBS | 74,808 | 89,830 | 111,300 | 125,430 | 136,932 | 147,341 | 155,177 |
| END PAY SUBS | 89,830 | 111,300 | 125,430 | 136,932 | 147,341 | 155,177 | 159,936 |
| AVE. PAY SUBS | 82,319 | 100,565 | 118,365 | 131,181 | 142,137 | 151,259 | 157,557 |
| PAY PENETRATION | 89.55% | 94.30% | 97.03% | 98.54% | 99.70% | 99.07% | 100.02% |
| CAPITAL ADDS | 11,462,417 | 5,200,650 | 4,240,940 | 4,069,260 | 4,397,820 | 4,100,330 | 3,295,030 |
| REVENUE/SUB/MONTH | \$22.22 | \$25.01 | \$26.00 | \$26.84 | \$27.66 | \$28.49 | \$29.21 |
| TOTAL REVENUE | \$24,930,182 | \$32,761,028 | \$38,583,148 | \$43,200,672 | \$47,593,323 | \$52,034,050 | \$55,471,831 |
| OPERATING INCOME | \$5,727,089 | \$10,886,485 | \$14,521,221 | \$17,090,153 | \$19,666,185 | \$22,324,471 | \$24,379,661 |
| OPERATING MARGIN | 22.97% | 33.23% | 37.64% | 39.56% | 41.32% | 42.90% | 43.95% |
| CASH FLOW | (5,735,328) | 5,685,835 | 10,280,281 | 13,020,893 | 15,268,365 | 18,224,141 | 21,084,631 |
| P. V. FACTOR PERCENT: 14.00% | 0.877 | 0.769 | 0.675 | 0.592 | 0.519 | 0.456 | 0.400 |
| P.V. CASH | (5,029,883) | 4,372,407 | 6,939,190 | 7,708,369 | 7,924,281 | 8,310,208 | 8,433,852 |
| CUMULATIVE P.V. CASH FLOW | (5,029,883) | (657,476) | 6,281,714 | 13,990,083 | 21,914,364 | 30,224,573 | 38,658,425 |

FRESNO

The picture quality on the 19 channels used on the system now appears to be good with two exceptions. Channels E&F (HBO and MTV) suffer from off-air pickup in some parts of town. This is partially due to the use of inverted carriers being in the mid-band.

There are two trunk cascades of over 40 amplifiers. It is at the end of these cascades that most of the new growth will occur, worsening the problem.

The technical problems of the Fresno system can be solved while increasing the channel capacity. By the use of microwave and two remote head-end sites, re-building 43 miles of plant, installing 76 feed-forward amplifiers, replacing 270mhz equalizers in 1300 miles of plant and installing new converters.

During the initial converter installation phase we would need to duplicate 7 mid-band channels. This is due again to the inverted carrier scheme being used presently.

To upgrade the cable plant, install the new head ends and tie lines will take approximately 6-8 months.

Passings:

136,783 4%/Year Growth

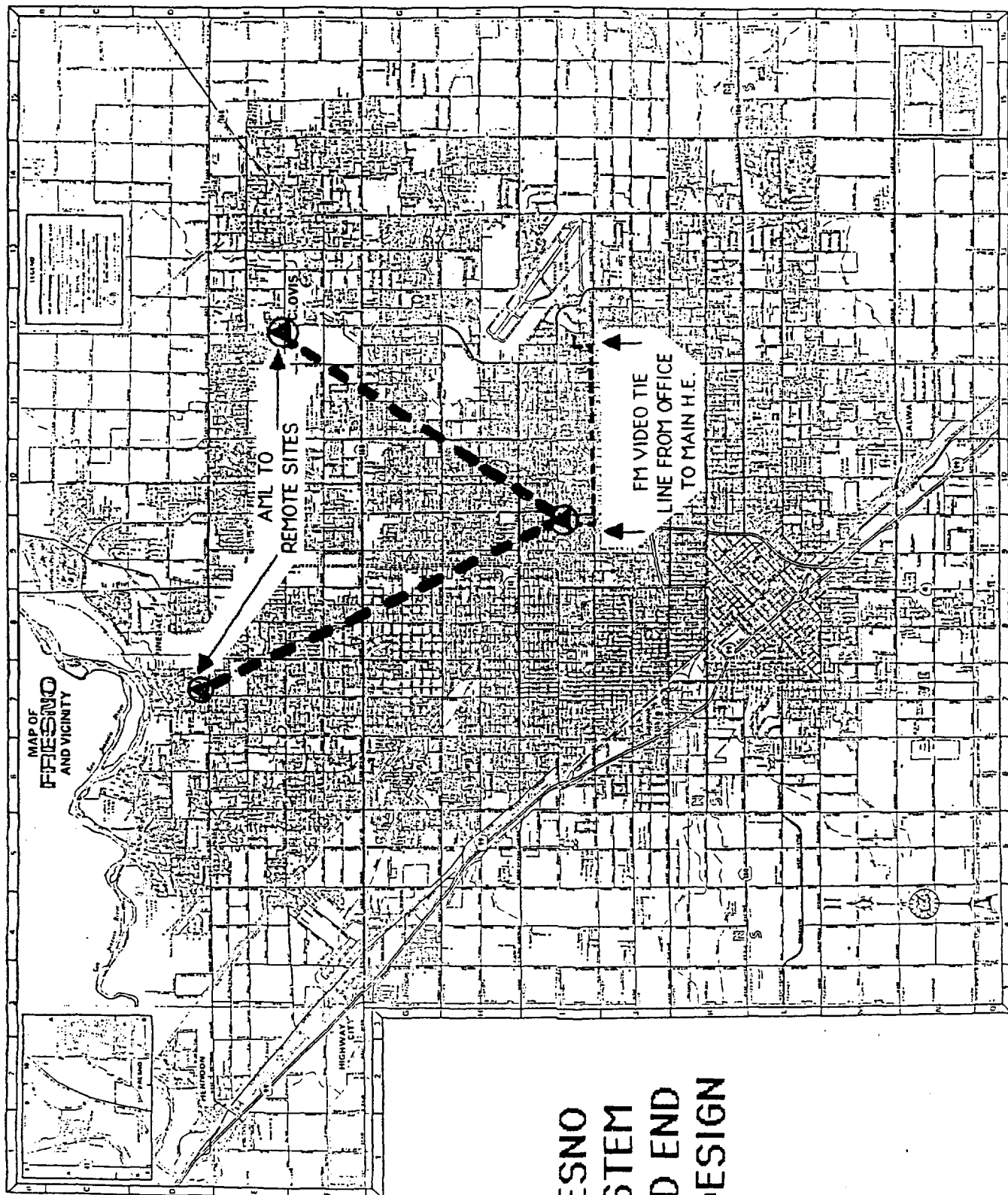
MADERA

The Channel line-up matches Fresno, with the same picture quality.

The trunk cascade is reasonable. Currently the system is at 270mhz. Our plan would be to keep this system at this channel capacity. Installing S/A 8550 converters would replace the seven inverted carrier channels and yield an additional 4 channels. Because of the number of subscribers (under 2500) we would propose to upgrade the existing converters in a weeks time. After the upgrade the Madera system would be more separate from the Fresno system, initially with a different chnnel line-up and possibly an independent office.

Passings:

Included in Fresno count



FRESNO SYSTEM HEAD END RE-DESIGN

FRESNO CAPITOL ADDS

| | |
|--|--------------------|
| 1) 43 MILE RE-BUILD X 14000/MILE | \$602,000 |
| 2) INSTALL FEED-FORWARD/RE-ROUTE TO NEW HEAD-ENDS | \$151,200 |
| 3) REPLACE PADS&EQUILIZERS 1300 MILES | \$155,200 |
| 4) 2 NEW HEADENDS AML 35 CHANNELS | \$175,000 |
| 5) 2 TOWERS/BUILDINGS | \$100,000 |
| 6) MOVE EARTH STATIONS TO OFFICE | \$52,407 |
| 7) FM VIDEO TIE LINE | \$30,000 |
| 6) HEAD END EQUIPMENT FOR 16 CHANNELS | \$100,800 |
| 7) S/A HEAD END EQUIPMENT / SYS MGR IV | \$52,000 |
| 8) CABLE-DATA COMPUTER SYSTEM FOR FRESNO-MADERA-TULARE-VISALIA | \$250,000 |
| 9) NEW PHONE SYSTEM-FRESNO OFFICE | \$75,000 |
| 10) 54000 CONVERTERS TO BE INSTALLED S/A 8550 WITH REMOTES. \$96.00 EA + \$15.00 LABOR | \$5,994,000 |
| TOTAL FRESNO | \$7,737,607 |

TIME LINE - FRESNO SYSTEM

DAY 0:

1. CableData to begin conversion
2. Order Rolm phone system
3. Order all headend equipmeny
4. Secure contracts on two (2) new tower sites

TOTAL CAPITAL ADDITIONS \$ --

DAY 30:

1. Installation of computer system
2. Begin training on Accounts Receivable
3. Begin rebuild of 43 miles
4. Start construction of earth station
5. Start changing out equalizers on 1,300 miles of plant
6. Begin sweeping cable plant to 300 MHZ
7. Apply for microwave pass licenses

TOTAL CAPITAL ADDITIONS \$306,400

DAY 60:

1. Conversion complete
2. Rolm phone system installed

TOTAL CAPITAL ADDITIONS 500,000

DAY 90:

TOTAL CAPITAL ADDITIONS 182,407

DAY 120:

TOTAL CAPITAL ADDITIONS 301,000

DAY 150:

1. Microwave equipment received and installation begins
2. Order 10,000 addressable converters (40,000 converters to be ordered over next 4 months at 10,000/month)

TOTAL CAPITAL ADDITIONS 453,800

DAY 180:

1. Order 10,000 addressable converters

| | |
|-------------------------|-----------|
| TOTAL CAPITAL ADDITIONS | \$960,000 |
|-------------------------|-----------|

DAY 210:

1. Rebuilding of 43 miles of cable plant complete
2. Order 10,000 addressable converters
3. Start installation of addressable converters
4. Begin Direct Sales
5. Turn on new channels

| | |
|-------------------------|---------|
| TOTAL CAPITAL ADDITIONS | 960,000 |
|-------------------------|---------|

DAY 240:

1. Order last 10,000 addressable converters
2. Continue installation of addressable converters

| | |
|-------------------------|---------|
| TOTAL CAPITAL ADDITIONS | 960,000 |
|-------------------------|---------|

DAY 270:

| | |
|-------------------------|---------|
| TOTAL CAPITAL ADDITIONS | 960,000 |
|-------------------------|---------|

DAY 300:

| | |
|-------------------------|---------|
| TOTAL CAPITAL ADDITIONS | 960,000 |
|-------------------------|---------|

DAY 330:

| | |
|-------------------------|---------|
| TOTAL CAPITAL ADDITIONS | 960,000 |
|-------------------------|---------|

DAY 360:

| | |
|-------------------------|---------|
| TOTAL CAPITAL ADDITIONS | 234,000 |
|-------------------------|---------|

VISALIA/TULARE

The picture quality is very good. The longest trunk cascade is 20 amplifiers. The cable is all 35 channel, with 75% stand-by.

Two channles are being used as leased access , 31 channels by the system and two channels are not currently in use.

The overall condition of the plant is very good.

Passings:

31,000 4%/Year Growth

MARYSVILLE/YUBA CITY

The picture quality is very good. The cable plant is also in very good condition. Currently 90% of the system has a 50 channel capacity, the rest is 35 channels.

Oak converters are being used. The useful life of these converters is no more than three years. There are also 10,000 new but obsolete Oak converters in stock at this system.

Passings: 33446 2%/Year Growth

RENO

The picture quality and plant condition are both very good. Half of the subscribers presently have converters. Additional outlet penetration is 30%
20,000 new homes are approved in the general plan for the area.

1984 construction 625 new passings

1985 construction 1600 new passings

$6000 \text{ passings} \times 25\%/\text{Year} = 1500 \text{ new passings/year}$

7-YEAR PASSING PROJECTION -- MCCLATCHY SYSTEMS

END OF YEAR FIGURES

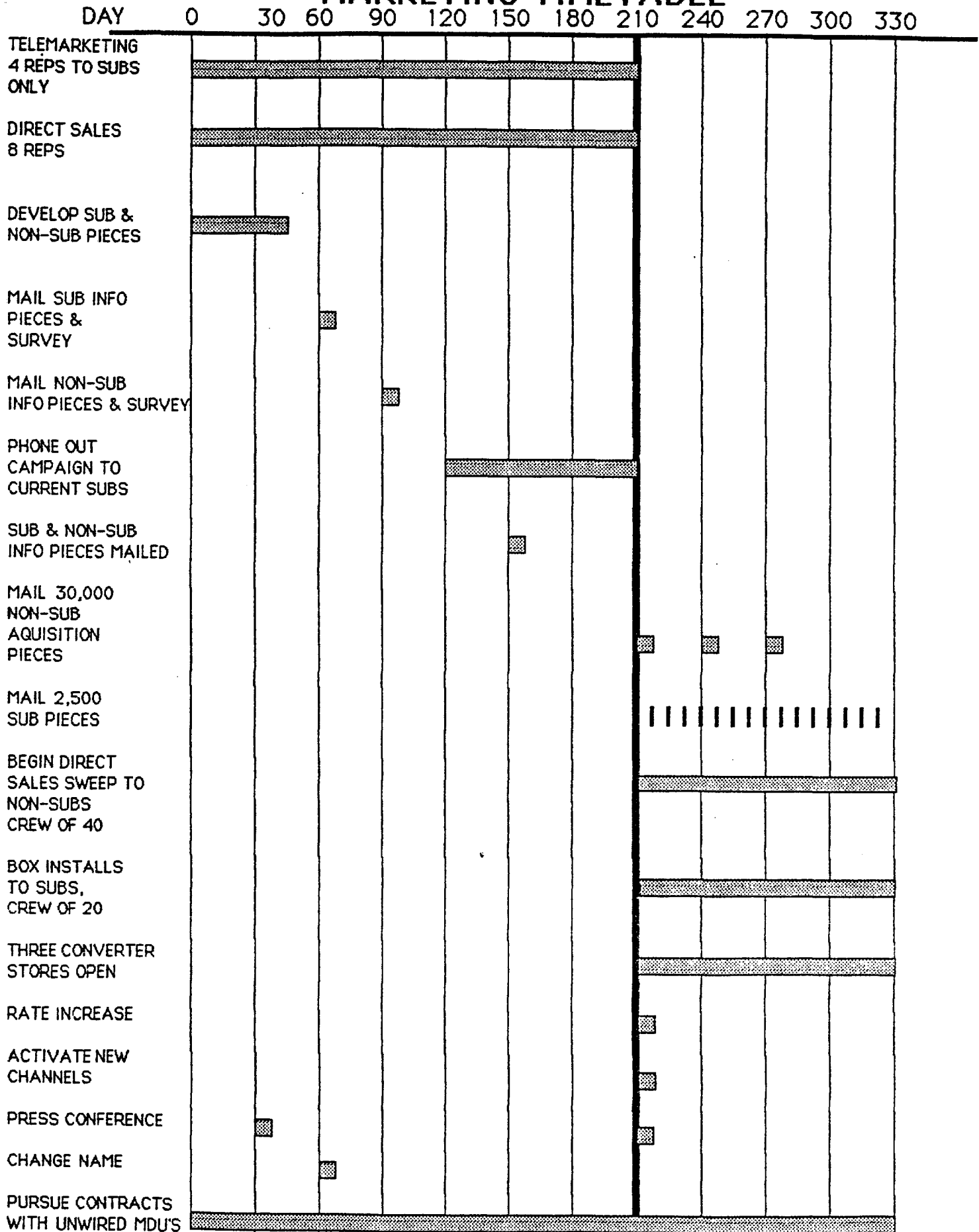
| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| FRESNO/MADERA | 136783 | 142254 | 147944 | 153862 | 160016 | 166417 | 173074 |
| YISALIA/TULARE | 31000 | 32240 | 33530 | 34871 | 36266 | 37717 | 39226 |
| MARYSVILLE/YUBA CITY | 33446 | 34115 | 34797 | 35493 | 36203 | 36927 | 37666 |
| RENO | 6000 | 6720 | 7440 | 8160 | 8880 | 9600 | 10320 |
| TOTAL | 207229 | 215329 | 223711 | 232386 | 241365 | 250661 | 260286 |

7-YEAR CAPITOL ADDS FOR NEW PASSINGS

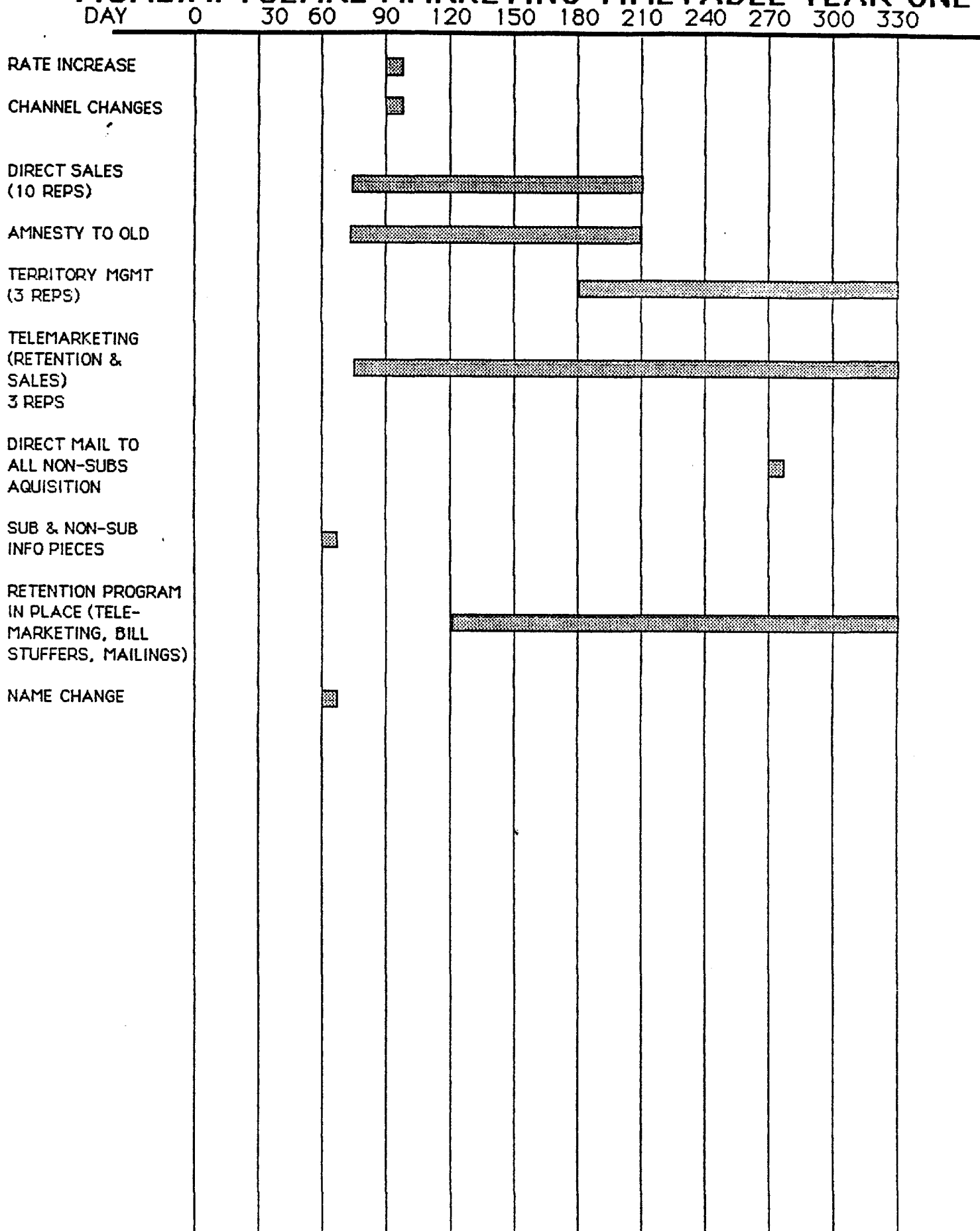
| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 |
|----------------------|------|-------------|-------------|-------------|-------------|-------------|-------------|
| FRESNO/MADERA | | \$1,367,750 | \$1,422,500 | \$1,479,500 | \$1,538,500 | \$1,600,250 | \$1,664,250 |
| YISALIA/TULARE | | \$396,800 | \$412,800 | \$429,120 | \$446,400 | \$464,320 | \$482,880 |
| MARYSVILLE/YUBA CITY | | \$227,460 | \$231,880 | \$236,640 | \$241,400 | \$246,160 | \$251,260 |
| RENO | | \$230,400 | \$230,400 | \$230,400 | \$230,400 | \$230,400 | \$230,400 |
| TOTAL | | \$2,222,410 | \$2,297,580 | \$2,375,660 | \$2,456,700 | \$2,541,130 | \$2,628,790 |

FRESNO MARKETING TIMETABLE

YEAR ONE



VISALIA/TULARE MARKETING TIMETABLE YEAR ONE



MARKETING

Marketing strategy will be geared toward rapid increases in basic penetration in the two systems that have clearly been undermarketed (Fresno and Sequoia) and boosting pay to basic in the NorCal system. In the TelCab system, we will work on paced growth of basic and pay to basic. In all systems, rates will be adjusted to emphasize basic, and pay T.V. discounting will be put into place. Where appropriate, first pay service rate will be lowered to increase the gap between basic and pay.

The Fresno system represents the greatest marketing challenge. A brief telemarketing survey conducted in late February indicated that subscriber and nonsubscriber perception of cable is that it presents too few channels and too many repeats. In Fresno, cable is pay T.V. This perception has been fostered not only by the channel line up (20% of channels are devoted to pay T.V.), but marketing has, admittedly, been geared toward pay T.V. Although nonsubs in the survey said they would subscribe only if it cost less money, the perception is probably that cable costs \$20 - \$25 per month.

In a system with 136,000 homes, use of direct sales has been sporadic. After a 6 - 8 month hiatus, direct sales reps were brought in in July 1985 to work MDU's only, and then only five reps were hired. Telemarketers are used to sell nonsubs and subs but no data was available to isolate their effectiveness with nonsubs. Never wired homes are not included in the data base so even direct mail has not reached this group.

To add insult to injury, pay T.V. prices were raised in January 1985, eliminating pay level discounting in favor of fixed prices per service. Pay to basic dropped from 129% to 104%.

A significant opportunity exists in Fresno because it is apparent from subscriber surveys and verbal history that many homes have never been marketed and that the product has not distinguished itself.

By adding basic channels and using direct sales aggressively, basic penetration can increase by 7 points or more in the first year. This would be supported by image marketing and a strong retention program. In subsequent years, direct sales sweep turning into territory management would be used to boost basic penetration. If a plateau is reached after the first direct sales sweep, a free trail sweep could be used.

In the Sequoia (Visalia/Tulare) system, the product is strong. Marketing, however, has been very limited, and pay T.V. has been pushed at the expense of basic. A small, ineffective sales team has been in place for a few months. It has been estimated that as many as 20% of nonsubs have a write off balance and have not been marketed. Since system policy allowed customer balances to go 120 days and beyond, an amnesty campaign to this group could be very effective. A direct sales sweep combined with telemarketing can boost basic penetration while holding the pay to basic.

In the NorCal system, basic will probably not go much beyond the current 77% since many of the nonsubscribing homes are extremely low income. Basic rate increases along with territory management and telemarketing can increase revenue per sub in this system.

In Reno, both basic and pay growth can be achieved through consistent, routine marketing methods.

PROGRAMMING

FRESNO:

Year 1, Day 210 - ADD: WGN
Nickelodeon
Arts & Entertainment
CBN carried full time
Two (2) other channels based on Sub & Non-sub
Survey

Year 2, Day 210 - ADD: Two (2) channels

VISALIA/TULARE:

Year 1, Day 90 - ADD: Arts & Entertainment
Collapse tier into basic
Consider dropping Galavision

MARYSVILLE/YUBA CITY:

Year 1, Day 90 - ADD: Arts & Entertainment
Nostalgia
DROP: AMC
Bravo
Consider dropping an ABC affiliate (3 in market
currently) and adding Nickelodeon

RENO:

Year 1, Day 90 - ADD: Nashville
Lifetime
Give Nickelodeon and Arts & Entertainment own channels
Collapse tier into basic
DROP: Bravo

In Visalia/Tulare, Marysville/Yuba City and Reno, consider switching
Cinemax for the Movie Channel if rates make this a favorable move.

In Marysville/Yuba City, consider beefing up FM with Bay Area stations,
increasing rates and marketing heavily-- year 2 or 3.

In Fresno, Visalia and Reno, consider beefing up FM with satellite
channels, increasing rate for tiered FM service and marketing heavily--
year 2 or 3.

EXHIBIT C

CONTINENTAL CABLEVISION

EXHIBIT C-1

FEDERAL COMMUNICATIONS COMMISSION
Docket No. MM 93-215

Bell South
Loan Covenants

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 11, 1993.

REGISTRATION NO. 33-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

BELLSOUTH TELECOMMUNICATIONS, INC.

A GEORGIA
CORPORATION

(S.S. EMPLOYER
NO. 50-0426120

675 West Peachtree Street, N.E., Atlanta, Georgia 30375
Telephone Number (404) 529-0611

Agent for Service
J. MICHAEL HUBBARD
BELL SOUTH CORPORATION
1155 PEACHTREE STREET, N.E.
15K12
ATLANTA, GEORGIA 30367-6000

Please send copies of all communications to:

ERIC B. MURPHY
675 WEST PEACHTREE STREET, N.E.
SUITE 4300
ATLANTA, GEORGIA 30375

CHARLES E. WHITMAN III
DAVIS POLK & WARDWELL
400 LEXINGTON AVENUE
NEW YORK, NEW YORK 10017

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. /X/ CALCULATION OF REGISTRATION FEE

| TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED | AMOUNT TO BE REGISTERED | PROPOSED MAXIMUM OFFERING PRICE PER UNIT | PROPOSED MAXIMUM AGGREGATE OFFERING PRICE | AMOUNT OF REGISTRATION FEE |
|---|-------------------------------|---|--|----------------------------------|
| Debt Securities..... | \$200,000,000 | 100% | \$200,000,000 | \$250,000 |

REMAINDER OF PAGE FOLLOWS

If less than all the Securities of a Series are to be redeemed, each notice of redemption shall identify which of such Securities are to be redeemed. In case any Security is to be redeemed in part only, the notice shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon presentation and surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion thereof of the same Series will be issued.

If less than all the Securities of a Series are to be redeemed, the Company shall give the Trustee adequate notice in advance as to the aggregate principal amount of Securities of such Series to be redeemed, and thereupon the Trustee shall select, in such manner as in its sole discretion it shall deem appropriate and fair, the Securities or portions thereof to be redeemed and shall thereafter promptly notify the Company in writing which of the Securities or portions thereof are to be redeemed.

SECTION 3.08. If the giving of notice of redemption shall have been completed as above provided, the Securities or portions of Securities identified in such notice shall become due and payable on the date and at the place or places stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption, and unless the Company shall default in the payment of such Securities at the redemption price, together with interest accrued to said date, interest on the Securities or portions of Securities so called for redemption shall cease to accrue on and after said date. On presentation and surrender of such Securities at said place or places of payment in said notice specified, such Securities or the portions thereof to be redeemed shall be paid and redeemed by the Company at the applicable redemption price, together with interest accrued thereon to the date fixed for redemption.

Upon presentation and surrender of any Security which is redeemed in part only, the Company shall execute and register and the Trustee or the authenticating agent on its behalf shall authenticate and deliver, at the expense of the Company, a new Security or Securities of the same Series, of authorized denominations, in principal amount equal to the unredeemed portion of the Security so presented.

ARTICLE FOUR.

PARTICULAR COVENANTS OF THE COMPANY.

SECTION 4.01. The Company will duly and punctually pay or cause to be paid the principal of (and premium, if any) and interest on each of the Securities, to or upon the written order of the holders thereof, at the place or places, at the respective times and in the manner provided in the Securities and in this Indenture.

SECTION 4.02. As long as any of the Securities of any Series remain outstanding, the Company will maintain an office or agency at such place or places, as shall be specified in the form of Security recited in the instrument creating such Series as a place for payment of principal and interest or at such other place or places as the Company from time to time shall designate and thereafter set forth on the certificates representing the Securities of such Series where such Securities may be presented for registration of transfer and for exchange as in this Indenture provided, where notices and demands to or upon the Company in respect of the Securities of such Series or of this Indenture may be served and where the Securities of such Series may be presented for payment. The Company will give to the Trustee notice of the location of each such office or agency and of any change in the location thereof. In case the Company shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, presentations may be made and notices and demands may be served at the principal office of the Trustee.

REMAINDER OF PAGE FOLLOWS

REMAINDER OF PRECEDING PAGE

SECTION 4.03. If the Company shall at any time mortgage, pledge or otherwise subject to any lien the whole or any part of any property or assets now owned or hereafter acquired by it, except as hereinafter provided in this Section 4.03 or in Section 4.04, the Company will secure the outstanding Securities, and any other obligations of the Company which may then be outstanding and entitled to the benefit of a covenant similar in effect to this covenant, equally and ratably with the indebtedness or obligations secured by such mortgage, pledge or lien, so long as any such indebtedness or obligations shall be so secured. The foregoing covenant shall not apply to the creation of purchase-money mortgages or liens, or to the extension, renewal or refunding thereof, or to the making of any deposit or pledge to secure public or statutory obligations or with any governmental agency at any time required by law in order to qualify the Company to conduct its business

CONTINENTAL CABLEVISION

EXHIBIT C-2

**FEDERAL COMMUNICATIONS COMMISSION
Docket No. MM 93-215**

**Continental Cablevision, Inc.
Loan Covenants**

PROSPECTUS

\$1,000,000,000
Continental Cablevision, Inc.

\$200,000,000 8½% SENIOR NOTES DUE 2001
\$275,000,000 8⅞% SENIOR DEBENTURES DUE 2005
\$525,000,000 9½% SENIOR DEBENTURES DUE 2013

Interest on the Notes will be payable March 15 and September 15, commencing March 15, 1994. Interest on the 2005 Debentures will be payable March 15 and September 15, commencing March 15, 1994. Interest on the 2013 Debentures will be payable February 1 and August 1, commencing February 1, 1994.

Neither the Notes nor the 2005 Debentures may be redeemed at the option of the Company prior to maturity. The 2013 Debentures may be redeemed at the option of the Company (a) at any time, in whole or in part, on and after August 1, 2005, initially at 104.75% of their principal amount and declining to 100% of their principal amount on and after August 1, 2008, and (b) at any time prior to August 1, 1996, with the proceeds from any offering by the Company of its capital stock, other than Disqualified Stock (as defined in "Description of the Securities"), in an aggregate principal amount of up to \$183,750,000 at 109.5% of their principal amount, together in each case with accrued interest. The principal of the Notes, the 2005 Debentures and the 2013 Debentures (collectively, the "Securities") will be payable at maturity on September 15, 2001, September 15, 2005 and August 1, 2013, respectively. No sinking fund is provided for the Securities. See "Description of the Securities".

The Securities will be unsecured Senior Indebtedness of the Company and will rank *pari passu* in right of payment with each other and with all other Senior Indebtedness of the Company and senior in right of payment to all subordinated indebtedness of the Company. The Indentures for the Securities, subject to certain limitations, will permit the Company to incur and secure additional indebtedness. The amount of secured Senior Indebtedness of the Company outstanding as of March 31, 1993, adjusted to give effect to the application of the net proceeds discussed in "Use of Proceeds" and the application of the net proceeds from the sale in June 1993 of the Company's 8⅞% Senior Notes Due 2003 and the Company's 9% Senior Debentures Due 2008, would have been approximately \$959,675,000. The Notes, the 2005 Debentures and the 2013 Debentures are being offered separately by means of this Prospectus. See "Description of the Securities".

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE RISK FACTORS SET FORTH HEREIN UNDER THE CAPTION "INVESTMENT CONSIDERATIONS".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE OF NOTES 100% AND ACCRUED INTEREST
PRICE OF 2005 DEBENTURES 100% AND ACCRUED INTEREST
PRICE OF 2013 DEBENTURES 100% AND ACCRUED INTEREST

| | Price to Public ⁽¹⁾ | Underwriting Discounts and Commissions ⁽²⁾ | Proceeds to Company ⁽¹⁾⁽³⁾ |
|--------------------------|-----------------------------------|---|--|
| Per Note | 100.0000% | 1.7500% | 98.2500% |
| Total | \$200,000,000 | \$3,500,000 | \$196,500,000 |
| Per 2005 Debenture | 100.0000% | 1.8125% | 98.1875% |
| Total | \$275,000,000 | \$4,984,375 | \$270,015,625 |
| Per 2013 Debenture | 100.0000% | 1.8750% | 98.1250% |
| Total | \$525,000,000 | \$9,843,750 | \$515,156,250 |

(1) Plus accrued interest, if any, from the date of issue.

(2) See "Underwriters" for information on indemnification arrangements with the Underwriters.

(3) Before deduction of expenses payable by the Company estimated at \$755,000.

The Securities are offered, subject to prior sale, when, as and if accepted by the Underwriters, and subject to approval of certain legal matters by Davis Polk & Wardwell, counsel for the Underwriters. It is expected that delivery of the Securities will be made on or about August 16, 1993, at the office of Morgan Stanley & Co. Incorporated, New York, New York, against payment therefor in New York funds.

MORGAN STANLEY & CO.
Incorporated

LAZARD FRERES & CO.

J.P. MORGAN SECURITIES INC.

August 6, 1993

exceptions) an acquisition by any person or group of 50% or more of the combined voting or economic power of the then outstanding voting securities of the Company, including pursuant to a reorganization or recapitalization, consolidation or merger, or a sale of all or substantially all of the Company's assets and (ii) the value at the time of any such event of the Common Stock issuable upon conversion of a share of Convertible Preferred Stock is less than the then Accreted Value of such share of Convertible Preferred Stock. (Section 3.02.)

The Company will comply with all applicable tender offer rules, including, without limitation, Section 14(e) of the Securities Exchange Act of 1934, as amended, and Rule 14e-1 promulgated thereunder, in connection with a Change of Control Event transaction.

The Note Indenture contains the same covenants regarding prepayment at the option of the holders as the 2005 Debenture Indenture (as defined in "Description of the 2005 Debentures") and the 2013 Debenture Indenture (as defined in "Description of the 2013 Debentures"), except with respect to prepayment premiums. The Company anticipates that any prepayment of the Notes will be funded from cash and cash equivalents held by the Company, cash provided from operating activities, net proceeds from the sale of the Company's capital stock and/or future borrowings under existing and new credit facilities.

Negative Covenants

Restricted Payments. The Note Indenture provides that, so long as any of the Notes remain outstanding, neither the Company nor any of its Subsidiaries will (1) pay any dividend on, or make any distribution in respect of, any shares of any class of the Company's stock (except dividends or distributions payable in shares of its stock), or (2) purchase, redeem or otherwise acquire for value any shares of any class of the Company's stock (or any rights, warrants or options to purchase any class of the Company's stock, except if such rights, warrants or options are held by an employee of the Company and such purchase, redemption or acquisition occurs in connection with the termination of such employee's employment with the Company), otherwise than pursuant to Exempt Repurchases (any payment so restricted being herein called a "Restricted Payment"): (i) if a default shall have occurred and be continuing at the time of such proposed Restricted Payment or shall occur as a consequence thereof; or (ii) if the aggregate of all Restricted Payments made from March 31, 1992 through and including the date on which such Restricted Payment is made, would exceed the sum of (a) the amount by which Operating Cash Flow (as defined below) of the Restricted Group (as defined below) on a consolidated basis for the period, treated as a single accounting period, from March 31, 1992 through the fiscal quarter immediately preceding such proposed Restricted Payment for which financial statements are available exceeds 1.20 times the Total Interest Expense (as defined below) for the period, treated as a single accounting period from March 31, 1992 through said fiscal quarter immediately preceding such proposed Restricted Payment, plus (b) \$150,000,000, plus (c) the aggregate net proceeds, including the fair market value of property other than cash, received by the Company from the issue or sale (other than to a Subsidiary) subsequent to June 23, 1992 of capital stock of the Company. For all purposes of this covenant, any recapitalization of the Company (whether or not effected through a merger or consolidation with, or sale of substantially all of the assets of the Company to, any person) that has the effect of transferring money, property, or securities other than capital stock of the Company to any holder of any shares of the capital stock of the Company (otherwise than in connection with an Exempt Repurchase) shall be deemed a Restricted Payment. (Section 4.06.) Approximately \$434,494,000 would have been available as of March 31, 1993 for payments subject to this test.

Exempt Repurchases shall not constitute Restricted Payments or be taken into account in computing the amount of Restricted Payments that the Company may make but may entitle the holders of Notes to require the prepayment of their Notes. (See "Prepayment at the Option of the Holders".)

Limitation on Indebtedness. The Note Indenture provides that no member of the Restricted Group will incur any additional Indebtedness (other than Indebtedness in connection with Exempt Repurchases ("Exempt Repurchase Indebtedness")) if, immediately thereafter and giving effect thereto on a pro forma basis, the aggregate Indebtedness (exclusive of any and all Exempt Repurchase Indebtedness) of the Restricted Group would be more than the product of (i) four times the Operating Cash Flow of the Restricted Group for the fiscal quarter most recently preceding such incurrence for which financial state-